The MORTGAGE BANKER

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ANNOUNCING THE CANCELLATION OF MBA'S 29TH ANNUAL CONVENTION TO BE REPLACED BY A

CONFERENCE ON WARTIME FINANCE And 29th Annual Business Meeting

Edgewater Beach Hotel, Chicago • September 30, October 1 and 2

By **GEORGE H. PATTERSON**

THE 29th annual MBA Convention, scheduled for the Edgewater Beach Hotel in Chicago September 30 and October 1 and 2, has been canceled but in its place—and at the same hotel and on the same dates—the Association will sponsor a Conference on Wartime Finance and 29th Annual Business Meeting.

Every MBA member who has attended previous Association Conventions and who would have attended this year *is urged to attend this Conference on Wartime Finance and 29th Annual Business Meeting.*

Few business groups have a more vital and active stake in wartime activities than our own. Probably no branch of specialized banking is more vigorously engaged in essential wartime work than mortgage lending.

We are deeply involved in the successful prosecution of the war in many ways. A large portion of our members are property managers and, as such, are playing an important role in making rent control effective—and that alone is one of the biggest jobs in the battle against inflation.

The successful and harmonious operations of the Soldiers and Sailors Civil Relief Act, in many American cities, will largely rest on the thoughtful and intelligent handling by our own members.

What We Have Done

As a group, MBA led the country last year in foreseeing the coming importance of building restrictions and, as a result, sponsored the FHA and Priorities Clinic at the New York Convention. We followed this with our Clinic and Regional Meeting program in the Spring in which our officers, with Washington representatives of FHA, WPB and OPA, toured 20 cities to bring to MBA members the latest information on matters which they had to have in making their own wartime decisions. Priorities and allocation of materials are still important to a majority of MBA members and to the war program as well.

A majority of our members make FHA's and have played an important part in Title VI financing. They have a great stake in, and a great influence on, maintaining a stabilized FHA structure during the war period.

These obvious conclusions, added to the fact that many of our members are greatly interested in real estate—which, in itself, is a prime war activity—all combine to make this annual meeting one of real necessity in the war program.

The program is being stripped of all non-essentials and is streamlined with two objectives in view—work and accomplishment. Briefly the program will be about as follows:

MORNING, SEPTEMBER 30: Addresses on subjects of major importance for mortgage lenders.

AFTERNOON, SEPTEMBER 30: Clinic on Wartime Mortgage Problems such as Title VI loans, FHA in general, war damage insurance problems, Soldiers and Sailors Act, priorities, allocations, rent control, and post-war planning. Stag dinner in the evening with guest speaker discussing some wartime subject.

(Continued page 8, column 2)

What Is the Next Move in Securing a Modernized Farm Mortgage System?

When Congressman Fulmer declared on the floor of the house that his committee "will not give any further consideration to these bills (Fulmer H.R. 5336, H.R. 7091) during this session of the Congress", the recent attempt to amend the farm credit act was placed right back where it was originally. What will be the next development? Here are some general thoughts of our Farm Loan Committee Chairman on the subject.

By S. M. WATERS

IN recent years most MBA members have devoted their activities almost exclusively to city loans but MBA has continued to maintain an active interest in farm mortgage financing. Its directors believe that the trends in mortgage lending show themselves first in the farm business and that, from certain proposed legislation which tends to persist in Congress, certain changes are threatened which may, to a great extent, influence all mortgage lending.

The MBA Farm Loan Committee was created to canvass the possibilities of private capital recovering a major portion of the farm mortgage indebtedness. The question put to us was: "Is it possible for private capital to recover and hold that proportion of the farm mortgage indebtedness of this country for which their available investment funds are adequate?"

Early in our study we concluded that it was possible only if some modernized system of farm mortgage lending was established which would include an independent standard appraisal for reducing the costs of acquisition and eliminating some of the wasteful features of present competition; and further if some system of mortgage insurance was included it would enable these investors to more adequately cover the field.

In studying the form such a mortgage system should take, we set up certain objectives, the substantial accomplishment of which should be included in the system to make it worth while.

Briefly, these are:

1. *That the plan should have a capacity to serve all legitimate farm mortgage needs.*
2. *That, so far as practicable, it should affect uniform costs to the mortgage borrower.*
3. *That the form and terms of loans, offered should meet the wishes of the borrower rather than be governed entirely by the supply of funds.*
4. *That it should serve individual private investors as well as institutional investors.*
5. *That it should include the necessary machinery to adequately meet emergency periods of low farm production or low farm prices.*
6. *That it should be in harmony with the long-range policies of the department of agriculture, and*
7. *That it should be set up in such a way as to be free from the danger of political dominance and relieved from the ever-present pressure to divert its purpose into social channels.*

Let's review these objectives to see if they are sound and whether the present agencies engaged in farm mortgage lending make any attempt to satisfy them. Let us see whether a modernized system of farm mortgage lending, including standard independent appraisal and farm mortgage insurance, would better meet these standards.

I do not know whether the lenders of private funds, individual or institutional, have ever taken into account whether their contribution to mortgage lending adequately supplied the farm borrowing needs of American farmers. On the contrary, the lenders of private funds, I believe, have considered only their investment needs. They entered and withdrew from the field as their supply of funds dictated and operated in only such portions of the territory as they were familiar with or considered the safest areas.

Isn't it reasonable to believe that from this practice has grown the demand for the establishment and growth of the federal farm loaning agencies? Isn't it reasonable to suppose that with an adequate supply of farm mortgage money, made available through a system of farm mortgage insurance, that the mortgage needs of American farmers could at all times be adequately met to such an extent as to relieve the pressure for the continuance of government activity in farm mortgage lending on an increased scale?

Uniform costs of mortgage funds to the farmer in all territories is probably impractical but if we are to follow modern trends, that should be a goal toward which the business should strive. In most businesses of national scope, uniform costs is an important aim. This includes life insurance, manufactured goods, public services and business enterprises attempting to operate on a uniform cost basis. The Federal Land Bank system has attempted to do this, being hindered only by the break-down in its farmer cooperative procurement agencies and in their failure to cover the entire territory with such agencies. A national system of mortgage loaning, including mortgage insurance, should be able to attain a level of cost to the borrower not possible by independent effort.

Up to the present time the form and terms of loans offered by individuals and private institutional lenders have been fixed to meet the immediate needs of the investor rather than the wishes of the borrower. To illustrate: More than one-half of the farm mortgage borrowing of this country is done on a comparatively short-time basis because that is preferred by the borrower, even at an increased cost. The long-time, fully-amortized farm loan, which we have come to believe as best for the borrower, has not always been demanded. The records will show that the average life of these loans indicates that the farmer neither needs nor wants that form of financing. In this respect, the Federal Land Banks and the Farm Loan Commissioner, with nothing to offer but a long-time, fully-amortized loan, failed to supply borrowers with the

type of loans they preferred. It is altogether possible that a system of mortgage lending with farm mortgage insurance would be better able to meet the type of mortgage financing that farmers prefer.

More than half of farm mortgages are held by individual private investors. That has always been the case. Under the federal agencies, the individual investor has no place and his funds have the greatest difficulty in competing with the rates and terms offered by life companies and other institutions. If this field of investment was opened to individual investors through a system of farm mortgage insurance, they could safely supply, even in distant fields, adequate funds to meet all necessary borrowings at all times.

The Federal Land Banks and the Federal Farm Mortgage Corporation, through a series of amendments to the laws under which they operate, have included the necessary machinery to meet periods of deficient farm income and to make necessary extensions. The institutional investors, having made no provision for such emergencies and being unable to cooperate with each other in this respect, found during the depression that farm prices were their greatest difficulty. They had to take title to a large number of farms, at a time of depressed land prices and at enormous expense, and still found themselves struggling with a real estate problem which might have been avoided if their system of lending had included some provision to tide over the time of frequent delinquencies without maturing their loans.

By operating through a uniform system with the necessary facilities for extension of time of principal and interest payments during a period of depression and fortified against possible loss by a system of mortgage insurance, these agencies could have avoided much of the trouble and expense that befell them in the depression years.

The Federal Land Banks and the Federal Farm Mortgage Corporation have tried to work in harmony with the long range policy of the Department of Agriculture but private capital, both through the individual investors and institutions, have at times made abundant mortgage funds available for the expansion of farm

(Continued page 5, column 3)

The President's Land Bank Statement

When President Roosevelt signed the bill extending the 3½ per cent interest rate on Federal Land Bank and Land Bank Commissioner loans for another two years, those newspapers who reported the event at all quoted only a few sentences of the statement he made at the time. We are publishing it here for the record and because we think the complete text will be of interest to our farm members. Incidentally, one of the important points he made—the continued subsidy from the treasury in the form of the reduced rate—has been repeatedly emphasized by our Farm Loan Committee in discussing its plans for rehabilitating the farm credit structure. The President said:

To the extent that these interest rates may be lower than the contract rates, the operating costs of the farmers affected will be reduced. It will cost the Federal Treasury somewhat over $67,000,000 in subsidies during the two years it will be effective.

Similar statutory reductions in interest rates have been in effect since 1933 pursuant to a succession of temporary acts of Congress. Two of these acts, one in 1937, the other in 1938, I returned without approval, because, in my opinion, the expense to the Treasury which they involved was unjustified by any benefits to be expected from them.

When the two-year extension enacted in 1940 was approved, I anticipated that legislative action would be taken promptly to remove impediments to the efficiency of the Federal Land Bank system which have made it impossible for the Land Banks to furnish farmers with long-term mortgage credit on reasonable terms without subsidies from the Federal Treasury.

During the two years since intervening, despite intensive studies of these problems and specific practical recommendations by the Farm Credit Administration, based on these studies, no action has been taken to make the necessary changes. As a consequence, the nation is again confronted with a proposal to extend for an additional temporary period this costly method of reducing the interest costs to Land Bank and Land Commissioner borrowers. Again it is proposed to make up, out of public funds, deficiencies in the income of the Federal Land Banks, which deficiencies would not occur if those banks were enabled to conduct their operations at full efficiency.

The reasons why no action has been taken to remedy the obvious defects in the laws governing the functioning of these important agencies are obscure and unconvincing. There is no evident justification for imposing indefinitely upon the Treasury of the United States an expense which results solely from failure to adapt the basis upon which the Land Banks can operate to the realities of the function they have to perform by eliminating from their required structure and operations costly procedures that serve no useful public function.

These are times when every resource must be strained to win this war, when every sound economy that can be achieved must be put into effect, when every useless effort must be abandoned, and when every action that will improve the speed and effectiveness of essential operations must be taken without delay.

On the other hand, I believe that the necessity of providing farm mortgage credit on reasonable terms is beyond questioning. The present statutory reduced interest rates expire on June 30th of this year. This bill adopts the only immediately practicable method of forestalling their imminent expiration.

Accordingly, I have approved it, despite the fact that it fails completely to provide for obviously

(Continued next page)

Be Firm With Your High Percentage Loans That Become Trouble Cases

Lenders have a duty to themselves and those they represent to take a firm and business-like stand during the war emergency with borrowers not in any way affected by military service. Mr. Baldwin is vice president of the Washington Mutual Savings Bank of Seattle.

By H. G. BALDWIN

WHAT should be a sound general policy in dealing with delinquent and other trouble loans during the emergency but which are not connected with military service? The main reason for amortization of a loan is to preserve a margin between the value of security and the outstanding balance of the mortgage debt. I believe a sound collection policy is one that will maintain observance of an amortization schedule which will keep this "cushion" of security between a real estate mortgage and the bookkeeping entry known to bankers as "Other Real Estate."

Obviously a well-margined loan presents a less serious collection problem than one with a narrow margin of security. If a 35 per cent, 40 per cent or even a 50 per cent loan becomes temporarily delinquent because of economic dislocation during the emergency, reasonable consideration may be safely extended. Such a loan may be modified by reducing or postponing part or even all of the principal payments for a reasonable adjustment period. Where a loan exceeds 50 per cent, however, greater care should be observed.

Much has been written about the new streamlined loans of from 66 2/3 per cent to 75 per cent of value written for periods of from fifteen to twenty years. It is true these loans have eliminated many of the additional "charges" formerly encountered in the purchase of a home such as contract payments, loan commissions and renewal fees, second mortgages, and the like. They have also reduced the apparent monthly carrying costs of home purchase with the result that many have thus been encouraged to buy homes they could not have financed under the old "predepression" financing methods. One thing these purchasers often overlook, however, is maintenance and repair costs. Such homes purchased in recent years have been on the basis of comparatively high costs.

We are now in a difficult period. Many factors are serving to reduce one's income available for debt service. More and higher taxes, higher costs of living, soaring food prices, higher fuel costs and purchase of war bonds are important factors. Many young men contributing to the family support are finding their way into the service at of course drastically reduced incomes. Dislocations in business because of emergency readjustments are taking their toll of income. Loan delinquencies and collection problems are bound to mount.

All this means a lower standard of living and these changing conditions must be bravely met by both borrower and lender. In a so-called "conventional" loan of say 75 per cent of the present day value of the security written for a period of fifteen years or more, loan amortization schedules should be met. This loan should be serviced even if the borrower must make many sacrifices. It may be necessary to give up golf, the servant, the yearly vacation trip, the weekend trip to the beaches, etc. In other words, when adjustments are needed in such cases it should not be at the expense of the lender. We may see many home owners faced with the necessity of scaling down by either renting their homes and seeking cheaper quarters or selling and buying a less expensive place.

During this adjustment period, the lender should be firm in demanding his mortgage payments. This firm stand will quickly make it clear to the borrower that if he wishes relief he must seek it elsewhere. The point I wish to make is that we all face a very definite adjustment of our personal finances and the sooner we have a showdown with our high percentage borrowers the better for us all.

With respect to FHA Title II loans, we are of course governed by regulations which must be observed unless we are willing to permit the mortgage insurance to lapse. Most of these loans are of high percentage and my personal belief is that a firm initial collection policy is important. In other words, let it be clearly understood that the loan payments must be made in accordance with the contract. If such payments are not thus made, your procedure is clearly outlined.

Sincere and friendly consideration of a borrower's troubles should always be the rule and a reasonable leeway should be granted the deserving. This consideration will of course depend on circumstances in each particular case. All loan portfolios, no matter how carefully initiated, will develop an occasional chronic delinquent. A great deal of grief and expense will be saved by a firm hand and such loans should be removed either by refinancing or foreclosure.

A lender's observance of an adequate amortization schedule is probably of importance second only to a sound appraisal. These observations assume that the loans treated are based on sound and intelligent appraisals and that, as such, the estimates of value of the security may be depended upon.

PRESIDENT'S STATEMENT

necessary improvements in the structure and operations of the agencies it would subsidize.

H. R. 6315 cannot, however, be regarded as more than a palliative, nor serve as an excuse for deferring, for a further unreasonable period, the correction of substantial, basic defects in the structure of the Federal farm mortgage credit system, that have made it necessary to throw upon the Treasury expenses such as those imposed by this legislation. It is plainly essential that steps be taken promptly to so simplify the pattern of the system as to eliminate its present inherent inefficiencies, and thereby relieve the Treasury of the recurrent burden of these costs.

One of the "Bugs" in Real Estate Lending Will Go If We Collect Taxes Monthly

The author is a strong believer in collecting real estate taxes on a monthly basis and began collecting them that way on uninsured loans some time ago. He is vice president of the California Bank in Los Angeles.

By **H. J. MENDON**

SHOULD a borrower with an uninsured real estate loan be required to impound taxes on a monthly basis? My views on this subject may get me out on a limb for of all the new practices in vogue in real estate lending it appeals to me most strongly. As a matter of fact, I feel that monthly collection of taxes is as progressive a step as the amortization of real estate loans, which we have all come to recognize as sound practice. I think we all admit that amortization of loans is important and has eliminated many straight lending headaches.

If a borrower defaults in the payment of his taxes, the lender immediately loses the benefit of up to one year's amortization of principal. One argument advanced against the monthly collection of taxes is that only 10 per cent of borrowers default on taxes and, therefore, why should we penalize the other 90 per cent and create for ourselves a large amount of clerical work because of this 10 per cent? Wasn't it true that a large percentage of our difficulties on straight loans was caused by a relatively *small* percentage of borrowers? Therefore, shouldn't the same argument stand—why amortize all real estate loans when only a small portion of the borrowers default on their payments?

Another argument advanced against the idea is: If we are going to collect taxes, why not also collect water and other public utility bills? I think the answer is that public utility bills are not liens against real estate whereas taxes are.

In a majority of cases the income from the security, whether single dwelling, residential income, or store buildings, is received monthly. Isn't it proper that out of this income there should be set aside the portion necessary to meet accruing taxes as well as amortization? The most satisfactory plan from the lender's standpoint is to have the funds accrued with him so that there will never be a chance of taxes remaining unpaid. Most owner-occupied single dwellings should be treated in the same manner because the majority of these borrowers receive their income monthly and many successfully-operated households maintain a budget through which monthly provision for taxes is made. The actual amount of interest which would accrue on such deposits, were they placed in any form of interest-bearing account, would be nominal and the borrower, therefore, loses very little by reason of impounding his funds with the lender.

I agree that even under present conditions tax delinquencies are about at a minimum. But stop and think of the tremendous tax delinquencies with which we had to cope in the last depression!

Nearly a year and a half ago, in the face of stiff competition in the real estate loan market, our organization inaugurated a program of collecting taxes on uninsured loans. We found it presented no stumbling block in obtaining loans; as a matter of fact, our approach to the borrower is that we are providing him with a service—which we actually are—and in most cases we have found ready acceptance of the plan.

Delinquent taxes are usually the first sign of trouble in a real estate loan, and I urge all lenders to give serious consideration to this policy because it eliminates a source of weakness which sometimes is evident for several months.

The first sign of trouble is thus forced into the actual payments on the loan. Many borrowers have come to feel that postponement of taxes is one of the easiest ways of borrowing money. The sooner all lenders require the payment of taxes on a monthly basis the sooner we shall eliminate another "bug" from real estate lending.

FARM MORTGAGE PLAN

(*Continued from page* 3)

enterprise into territories which were, even at the time, obviously of only temporary need. The department of agriculture has at heart the establishment of a permanent and sound system of farming in harmony with the marketability of crops and of consumer need. It would seem to require cooperation between private capital in this field and the policy of the department of agriculture in order to avoid the disaster that is sure to follow unwise expansion of agricultural production.

We think this last goal ought to be sought in setting up a modernized system of private farm lending, that is to say, it should be free from political dominance and be relieved from pressure to divert its purposes into social channels and the regimentation of farming. You may say this is impossible. Your thought undoubtedly is that any system of mortgage lending, in which the federal government has a part, will follow the same course as that of other U. S. agencies.

In answer to this, it is only possible to say that if individual enterprise in this or any other field of business is to survive, it must meet and overcome this tendency of government and we who stand for individual enterprise must never cease our efforts to make it safe from destruction.

We believe that in time a system of farm mortgage lending of national scope, including farm mortgage insurance, will be established. If it is going to be done in such a way as to preserve the opportunities of investment by individual capital, the persons now interested in farm mortgage loaning as a private enterprise will have to take the lead in establishing such a plan. Otherwise, it will be done as a government agency only and will probably take the same course as is now evident in the Farmers' Cooperative plan through the Land Banks.

MBA Members in the War

MBA is in the war—in an important way. From the offices of mortgage banking houses, real estate organizations, banks and institutional investors all over the nation men are entering the service of their country. Most of them are going into the armed services but many—more than we anticipated—are entering wartime agencies and wartime civilian activities.

Many of our member firms are being deprived of top key executives. But mostly it is the younger men—those who will be operating the mortgage houses of the future—who have gone so far. Here is a list of those from MBA member firms who will be out of the business for the duration. Previously we published a few notes about those who entered the services earlier and we will continue to publish additional lists from time to time. When available, addresses have been given.

IRVIN JACOBS & COMPANY, Chicago—James Ochs, Army Air Corps; Marvin Frank Jacobs, Coast Artillery; Harold Carlson, Army Finance, Officers Training; and William Gildersleeve, Army Intelligence.

SECURITY BENEFIT ASSOCIATION, Topeka—Sgt. Marvin Flohrschutz, Cavalry; Don E. James, Ordnance.

BRANIFF INVESTMENT CO., Oklahoma City—Lt. William Hollingsworth, Air Corps; Major Paul R. Braniff, Air Corps, Seattle; Capt. R. B. Holtzendorff, Artillery, Ft. Sill, Okla.

MISSOURI BANK AND TRUST COMPANY, Kansas City—Gerald Summers and Gene B. Davis, Army.

FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION, Portland, Ore.—Paul R. Skelton, Marine Corps.

FRANK S. PHILLIPS, Washington, D. C.—William E. Bartlett, Naval Air Corps.

MacMASTER, IRELAND & CO., Inc., Portland, Ore.—Lt. Elvin H. Guild, Ordnance, Ft. Lewis, Washington; Lt. Fred R. Jueneman, Infantry, Vancouver Barracks, Washington; Lt. Eugene Crampton, Infantry, somewhere in Australia.

ALESTER G. FURMAN CO., Greenville, S. C.—Lt. James W. Marshall, Marine Corps; Lt. Allen J. Graham, Infantry; Robert L. Carroll, Infantry, Officers Training School; Richard H. Carpenter, Army Aviation Cadet.

THE PROSPECT PARK NATIONAL BANK, Prospect Park, N. J.—Joseph A. Marshall, Army; Cornelius J. Hartley, Army; Robert Crum, Coast Guard.

HILL MORTGAGE CORPORATION, Buffalo—Lt. Raymond F. Sipprell, Quartermaster Detachment, Scott Field, Ill.

E. B. CHANDLER & COMPANY, San Antonio—Lt. Frank O. Cloudt, Artillery, Ft. Sill, Okla.

THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK, New York (real estate department)—Lt. Col. Charles Ferris, Army; Capt. Robert Little, Army; Lt. Robert Gunther, Signal Corps; Lt. Edward B. Watson, Navy; Corp. John Danielson, Army; Corp. Thomas Barry, Army, Herman Reed, Flying Cadet, Air Corps, Army; Pvt. Attillio Schacchetti, Army; Pvt. Adolph Anderson, Army; Pvt. Willis Jennison, Jr., Army; and Pvt. Lyman Fish, Jr., Army.

MIDLAND MORTGAGE COMPANY, Cedar Rapids, Ia.—Don D. Doughty, Army.

H. F. PHILIPSBORN & CO., Chicago—Willard Peterson and Jack McIntosh, Navy; Bert Hanson, Coast Artillery.

DUNN & STRINGER, Inc., St. Paul—J. J. Speciale, Signal Corps; H. M. Larson, Ordnance Division.

DUNN & STRINGER, Inc., Milwaukee—Donald F. Ferguson and George Mantz, Army Quartermaster Department.

DRAPER & KRAMER, Inc., Chicago—John B. Beatty and Gordon Sargent, Infantry; Richard H. Beatty, Signal Corps.

GREENEBAUM INVESTMENT CO., Chicago—William T. Bean, Army.

DOVENMUEHLE, Inc., Chicago—Pvt. Norbert Lamberty and Sgt. Warren Dunbar, Army.

THE CUYAHOGA ESTATES CO., Cleveland—J. N. Hildie, Air Corps, Denver.

CENTRAL NATIONAL BANK & TRUST COMPANY, Des Moines—Ellis Conkling, Cavalry.

L. J. BAER & CO., Kansas City, Mo.—Marvin C. Holmes, Military Police, Ft. Riley, Kan.

MODERN WOODMEN OF AMERICA, Rock Island, Ill. (Investment Department)—Major Gilbert H. Erb, Air Corps, Langley Field, Virginia; and Pvt. George L. Mercer, Radio Division, Air Corps, Scott Field, Ill.

O'BRIEN & PAIN, Chicago—Richard C. Fries, 65th Coast Artillery (Anti-Aircraft) Medical Detachment.

BUSINESS MEN'S ASSURANCE CO., Kansas City, Mo.—George D. Milne, Army, Finance Division.

LINCOLN STATE BANK, Milwaukee—Marshall Murry, Army; Charles Daly, Marine Corps.

HAHN & COMPANY OF DETROIT—Lt. John Hahn, 210th Coast Artillery, Battery F (probably in Alaska).

STANLEY H. TREZEVANT & COMPANY, Memphis—Captain William I. Rosamond, Seacoast Artillery; Ed Emerson, U. S. Engineers; and Pvt. Adrian Wilson, Air Corps.

THE KASSLER MORTGAGE CO., Denver—William Tarrett, Infantry, (in Australia).

ALBRIGHT TITLE AND TRUST COMPANY, Newkirk, Okla.—Robert B. Hollard, Officers Training Camp; Donald Thompson, Flying Cadet.

DORMAN & WILSON, Inc., White Plains, N. Y.—Reuel Dorman, Army Quartermaster Department, Camp Lee, Va.

J. W. LINDSLEY & CO., Dallas—Pvt. Joe Lindsley, Company A, 56th Quartermaster Regiment, Camp Wolters, Texas.

REALTY MORTGAGE CO., Birmingham—Lt. Col. J. J. F. Steiner, Armored Division.

THE TOWLE COMPANY, Minneapolis—Donald Hale, Army Air Corps.

BOYLE INVESTMENT CO., Memphis—Lt. L. Bayard Boyle, Army Air Corps; Sgt. Arnold T. Prather, Air Division, Marine Corps.

FT. WAYNE NATIONAL BANK, Ft. Wayne, Ind.—Edgar W. Heikowsky, Voluntary Officer Candidate.

CALUMET SECURITIES CORPORATION, Gary, Ind.—George Rand, Bud Parry and Ernest Thorsen, Army; Robert Reichard, Navy.

BYRON REED CO., Inc., Omaha—Pvt. Gilbert J. Nickerson, Medical Detachment, U. S. Engineers; Ensign Robert L. Smith, Navy; and Lt. John J. Jenkins, Amphibian Command.

WILFRED G. GEHR, New Orleans—Capt. Mires C. Gehr, 378th Infantry, Camp Swift, Texas and Lt. Gus C. Gehr, Service Co., 156th Infantry, A.P.O. 31, Camp Bowie, Texas.

RANDALL H. HAGNER & CO., Inc. Washington, D. C.—Lt. Randall H. Hagner, Jr., Navy; Ensign C. Arthur Slater, Jr., Navy; Corp. Norman Linton, Air Corps; and Joseph Strong and Robert Strong, Naval Cadets.

WESTERN & SOUTHERN LIFE INSURANCE COMPANY (Investment Division) Cincinnati—Major C. A. McElvain (Chicago office), assistant Chief of Staff A-2, Headquarters 6th Air Force, Canal Zone.

COOPER, COFFMAN & BROOKS, Knoxville, Tenn.—Major Paul R. Brooks, 117th Infantry, A.P.O. No. 30, Ft. Jackson, S. C.

FRANKLIN PIONEER CORPORATION, Louisville—Lt. R. A. Durham, Navy; Capt. C. L. Hassmann, Army; Lt. John Henshaw, Army; and O. C. Kerns, Jr., Great Lakes Naval Training Station, Chicago.

MIDLAND MUTUAL LIFE INSUANCE COMPANY, Columbus, Ohio—Ray Douglass, Samuel Stone, Dean Nida and George Gray, all in the Army.

THE INTER-LAKES MORTGAGE CO., Cleveland—Leonard H. Clotz, Air Corps; Harvey G. Brooks, Army Tank Corps.

THE MORTGAGE CORPORATION OF NEW JERSEY, Newark—Capt. Ramon E. Ozias, Jr., Air Corps, Jefferson Barracks, St. Louis; Capt. H. F. Mullins, Air Corps, Miami; Pvt. Charles P. Mylod, Engineers, Ft. Belvoir, Va.

FIRST MORTGAGE INVESTMENT COMPANY, Kansas City, Mo.—Lt. Robert S. Beachy, Jr., Army Engineers, Camp Dix, N. J. (awaiting embarkation for foreign service).

BAIRD & WARNER, Inc., Chicago—Lt. John W. Baird, Army Ordnance Dept., Chicago; Lt. Warner G. Baird, Jr., Air Corps, Hamilton Field, California; Lt. Edward L. Bentley, Troop Commander School, Fort Riley, Kansas; Corp. Paul Bovyn, Hq. Battery, 33rd Div., Camp Forrest, Tenn.; Sgt. Laurence H. Cleland, Hq. Battery, 33rd Div., Camp Forrest, Tenn.; Pfc. Meredith Elick, E-78 CA (AA) Burbank, California; Pvt. Gilbert J. Hayes, 833rd Signal Service Co., Camp Crowder, Mo.; Sgt. Sydney Horn, 106th Cav. Troop A, Camp Livingston, La.; Pvt. Harold E. Johnson, 5th Sta. Complement, Brookley Field, Mobile, Ala.; Corp. Irwin Martin, Officers Candidate Course No. 20, Fort Sill, Okla.; Pvt. Roger R. Sizoo, Hq. Co.,

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FREDERICK P. CHAMP........*President*
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GEORGE H. PATTERSON........*Secretary-Treasurer*

AUGUST, 1942

BABSON ON INFLATION

Roger Babson, who made a name for himself back in 1929 with his predictions of the crash, was considering inflation the other day and decided it is coming, if not during the war, then after. As a hedge he advises real estate and says:

"When it comes to considering average property in an average community, I divide it into five groups:

"(1) Business Property. Now is the time to sell occupied city business property and the time to buy vacant suburban business property.

"(2) Office Buildings. Most office buildings have been built in crowded sections. Those who own such property should keep down operating costs and keep the property well maintained. As no new office building property will be built during the war, I now see no probable slump in good office building property after the war.

"(3) Single Family Residences. Houses within walking distance of buses and railroad stations should hold up in value, but the subdivisions, dependent on automobiles, should suffer during the remainder of the war. After the war the large, old-fashioned city houses will again be a drug on the market, but the houses in new sub-divisions should readily again come back in demand.

"(4) Apartment Houses. These are mostly 100 per cent occupied at the present time. No new apartment houses are now being constructed so that the demand is gradually exceeding the supply. On the other hand, those who can now get their money out of apartment houses which have been a headache during the past ten years had better do so. The net income on apartment houses should remain at about present levels, at least during the war.

"(5) Vacant Land. Much depends on the location and quality of the land, growth of the community, etc. My preference is land just outside of small cities of from 10,000 to 25,000 population, especially college towns. Small farms that are near enough to a community to some day be cut up into house-lots should be attractive."

Reception Center, Ft. Hayes, Columbus, Ohio; and Corp. Reginald J. Stebbins, Hq. Detachment, 33rd Div., Camp Forrest, Tenn.

PROVIDENT TRUST COMPANY, Pittsburgh—Lt. H. A. Grant, Quartermaster Department; Capt. A. W. Charlton, Air Corps; Paul E. Simon, Army.

HOME MORTGAGE COMPANY, Nashville—Frank D. Alexander, Navy.

EASTERN MORTGAGE SERVICE COMPANY, Philadelphia—Geoffrey Brown, Cavalry; J. Leslie Murray, Medical Corps; Maurice Reardon, Navy Intelligence; James Siegfried, Air Corps, school squadron; William Wilson, Army Technician.

LON WORTH CROW CO., Miami—Lon Worth Crow, Jr., ensign, Naval Reserve, Navy Bldg., Arlington, Va.

H. L. RUST COMPANY, Washington, D. C.—Robert Chichester, Signal Corps; Thomas E. Robertson, Technical Sergeant.

H. F. WHITTLE INVESTMENT COMPANY, Los Angeles—Stanley Moss, Air Corps Cadet.

FRANKLIN MORTGAGE & TITLE GUARANTY CO., Newark—Raymond Turton, Navy.

SEMINOLE BOND AND MORTGAGE COMPANY, Miami—Cecil A. Avant, Jr., Navy Department, Opa-Locka, Fla.

GUARANTY TITLE & TRUST COMPANY, Corpus Christi, Tex.—Pvt. Chas. Leroy Baskin and Joe Brame, Navy.

ALBUQUERQUE NATIONAL TRUST & SAVINGS BANK, Albuquerque, New Mexico—Paul Barnes, Cavalry; Wm. McGillivray, Clifford Lynch, Kenneth Tinklepaugh, Air Corps; Newton Goff, Charles Wolf and Vernon Cummings, Infantry; Wilbur Hayes and Thomas Hogg probably will be in the service by the time this is published.

W. K. EWING CO., San Antonio—Lt. Jno. Dave, Quartermaster Department; Roland Arnold; Harry Anthony, Officers Training School.

SMITH & SONS INVESTMENT CO., Pasadena—Capt. Philip Foot, Air Corps; Pvt. Stanley Richardson.

MELVIN F. LANPHAR AND COMPANY, Detroit—Douglas B. Dare, William P. Cooper, David D. Unruh, Angus J. Mac Donald, Robert B. Gordon and Louis J. Breault, all Army; Luman R. Slawson, U.S.M.C.; Walter Eby, Navy.

ZINGEN & BRAUN, Inc., Milwaukee—Corp. Cyril G. Walz, 135th Medical Attachment, A.P.O. 921, c/o postmaster, San Francisco, Calif.; Pvt. Edwin Furham, Troop A, 106th Cavalry, Camp Livingston, La.

WEST COAST BOND & MORTGAGE CO., Pasadena—Lt. Richard D. Aston, Finance Corps, Army; Ensign Gordon Calder, Navy; Wallace Halliday, Investigator, Civil Service Commission (Pending).

FIRST WISCONSIN TRUST COMPANY, Milwaukee — Kenneth Johnson, Marines; Raymond E. Redlin and Robert J. Judge, Navy; and Robert H. Steward, Walter Brunow, Richard Ehlert, Walter Brown, A. M. Tooley, Frank A. Krech, Lester J. Freitag, Jack Richards, Donald Shauger, E. H. Sprecher and Paul H. Duback, Army.

LAWYERS TITLE INSURANCE CORPORATION—Richmond office: Lt. Clifford B. Fleet, Navy; Lt. Henry W. MacKenzie, Navy; Lt. E. Gordon Smith, Army; Lt. Fred H. Timberlake, Army; and Privates W. H. Talman, Robert S. Vaughan and John B. Higby, Army. Washington office: Lt. Brockett Muir, Navy; Ensign Joseph Hughes, Navy; Lt. S. Howard Larcombe, Army; and Frank W. Marselek, Navy.

SECURITY MUTUAL LIFE INSURANCE COMPANY, Binghamton, N. Y.—Fred Usher Sission and Robert D. Lindsley, Navy; Walter F. Thompson, Army.

TRACY LOAN & TRUST COMPANY, Salt Lake City—Lt. Isidore Richmond, Infantry; Scott Hammill, induction center; Lee Humphries, Navy; Richard McGillis, Navy Air Corps; H. Harold Dobson, Aviation Cadet; Richard Jahries, Signal Corps Reserve.

D. ANSLEY COMPANY, San Antonio—Capt. Joe C. Ansley, 137th Field Artillery Reg., Camp Barkeley, Texas; Frank Paschal Walthall, Army Air Corps, Officers Training School.

NORRIS, BEGGS & SIMPSON, Portland, Ore.—A. D. Norris, Jr., 123rd Observation Squadron; Ralph Caffey and Laurance Langston, Army Medical Corps. (F. H. Andrews and Clyde Keller, Jr., expected to be in the service by July 31st.)

THE TITLE GUARANTY COMPANY, Denver—T. Webber Houston, Army; Robert Shilvock, Air Corps; Dale Mathis, Coast Guard; and Lee Leyba.

In addition four have entered Army service from the investment division of the Northwestern Mutual Life Insurance Company, Milwaukee; one from the First National Bank, Mason City, Iowa; one from Joel L. Schlesinger, Newark; three from the Casper National Bank, Casper, Wyo.; one from L. E. Mahan & Company, St. Louis; two from the investment department of The Maccabees, Detroit; 14 from the Percy Wilson Mortgage & Finance Corporation, Chicago; one from James A. O'Connell Co., New Brunswick, N. J. and one in the Army and one in the Navy from Lutheran Mutual Life Insurance Company, Waverly, Iowa.

Murphy, Favre & Co., Spokane, Wash., have officers in both the Army and Navy.

All Sorts of Wartime Activities Are Attracting Other MBA Members

Our members are going in heavily for all sorts of wartime activities outside the armed services. Some of them are being drafted for the most responsible wartime positions. Those that have been reported to us so far and which haven't been mentioned previously are given here.

Arthur C. Meier, The Towle Company, Minneapolis, has joined the FBI and Luther B. Bewley, attorney, Realty Mortgage Co., Birmingham, is engaged in armament work. E. S. Kassler, Sr., The Kassler Mortgage Co., Denver, is a member of the tire rationing agency in his city and Stanley H. Trezevant, Memphis, an MBA regional vice president, is a member of his city's Victory Fund Committee selling war bonds.

R. A. Waterman, Lincoln State Bank, Milwaukee is an air raid warden as is Peter J.

Scholberg of Dunn & Stringer, Inc., St. Paul.

Dave Goldberg, H. F. Philipsborn & Co., Chicago has become associated with the Maritime Commission. Raymond J. Pollock, Midland Mortgage Company, Cedar Rapids, Iowa, is a sergeant in the Home Guard.

E. W. Horst and E. H. Smith from the office of L. R. Reifsnider, supervisor, The Equitable Life Assurance Society, Cleveland, are engaged in civilian defense work. William Brogan, Arthur L. Elworth, Charles E. Cohler, Edgar N. Greenebaum and R. G. Mueller, all of the Greenebaum Investment Co., Chicago, are Minute Men instructors. Robert E. Parks of the same firm is a member of the coast guard auxiliary.

Ferd Kramer, Draper and Kramer, Inc., Chicago, is program supervisor for the National Housing Agency and has been connected with it and its predecessor since January, 1941.

The Home Mortgage Company, Nashville, Tenn., was the first MBA member to report the loss of an important woman employee to war work. The girl in question went to Vultee Aircraft, Inc.

What the demands of military service might eventually do to many mortgage offices can be seen from what might happen to the First Mortgage Investment Company of Kansas City, Mo. In that firm all male personnel, except the president, Robert S. Beachy, are subject to call.

Edwin F. Crane, vice president, Market Street Title Abstract Co., Camden, N. J., is government appeal agent for Local Board No. 1 in his city. L. A. Parker and A. W. Hodge, Cooper, Coffman & Brooks, Knoxville, are air wardens in their city and William S. Bradley, president, General Mortgage Corporation with offices in Dallas, is now a consultant with the Rent Control Division of OPA.

N. Stanley Bortner of the Baltimore office of Randall H. Hagner & Co., Inc., Washington, D. C., is in the Baltimore civilian defense organization.

Amos G. Hewitt, New Haven, Conn., has been in Washington since December, 1941, and is now acting manager of the Office of Decentralization Service.

Oscar M. Love, cashier, Albuquerque National Trust & Savings Bank, is committeeman for reemployment with the draft board in his city.

Of all the activities in which MBA members are engaged now, one of the most strenuous is that now being handled by W. Walter Williams, president, Continental, Inc., Seattle, who sometime ago was named chairman of the Washington State Defense Council. Geo. W. Coplen, vice president, was recently named regional director of the National Housing Agency. His territory includes Washington, Oregon, Idaho and Montana.

H. F. Whittle, H. F. Whittle Investment Company, Los Angeles, has been named chairman of his city's fair rent committee. Hal Whittle and W. R. Warner are with Douglas Aircraft Company.

From D. W. Stowell's organization in Rexburg, Idaho, Mr. Stowell is chairman of the county selective service board and on the civilian defense council. Harry Dietrich is one of the home guards.

John Stiles of the Eastern Mortgage Service Company, Philadelphia, is in the ship building business for the duration.

H. P. Smith, Smith & Sons Investment Company, Pasadena, has been recommended for a commission in the air corps as ground officer and expects to be called soon. L. C. Ericksen and D. C. Smith of this firm are serving with the volunteer fire department in this coast city.

Newton C. Farr of Farr & Co., Chicago, nationally known in the real estate field, is a member of the Land Acquisition Advisory Committee, U. S. Corps of Engineers and chairman of the management committee of the Chicago USO Club.

Ed. W. Eggen of MacMaster, Ireland & Co., Inc., Portland, Ore., is with OPA's rent division and, says Reade Ireland, four out of five of his key men are now in the fight in one capacity or another.

And also from Portland: Leland Stidd of First Federal Savings and Loan Association is in the shipbuilding game for the duration and Arthur M. Whitmore is doing wartime work in the timber industry.

Jesse A. Buxton, Missouri Bank and Trust Company, Kansas City is leader of the 5th zone, division 8, department of civilian defense. Watt Webb, Jr., of the same bank, is a member of his city's Victory Fund Committee.

CONFERENCE PLANS

(Continued from page 1)

MORNING AND AFTERNOON, OCTOBER 1: Clinic on Wartime Mortgage Problems. (A continuation of previous afternoon's discussion.)

MORNING, OCTOBER 2: Guest speakers and annual business meeting. No afternoon session. Annual banquet in the evening.

In line with the government's request that large conventions not related to the war effort (which of course does not apply to our group) be deferred this year where possible, our meeting will, of necessity, be somewhat restricted as compared to previous years. There probably will be fewer non-members than in previous years and of course a rather substantial number of members are now in the armed services. We are most anxious to have all members attend who can. MBA officers will extend special invitations to others interested in mortgage banking whom our members suggest. Let us know those you wish invited and we will extend invitations; but we want to confine our invitations to those who have a legitimate reason for attending—those who can contribute something to the Conference and will benefit by it.

Registration fees remain the same—$10.00 for men and $3.00 for ladies. Very soon we will send you hotel cards so you can make your reservations.

In Oklahoma City, J. Wilson Swan, secretary-treasurer, Braniff Investment Co., originated a plan for a defense housing committee as a part of the civilian defense set-up. It is a large group of 125 with a smaller executive group of which Mr. Swan is a member. A budget of $700 monthly was raised and a full-time secretary employed. All available houses, apartments and rooms are listed and a corps of girls daily keep the lists up to date.

Another part of the committee's work is encouraging the public to convert old houses into additional living units. It assists in drawing plans, obtaining priorities and securing financing. The work is greatly assisting in easing the housing problem in Oklahoma City (where two great defense projects are nearly complete to employ nearly 35,000 people). At the same time it is helping to conserve essential materials. It is also creating a demand for mortgage loans of a desirable nature.

G. T. Walker, vice president, Cody Realty & Mortgage Co., Winston-Salem, N. C., is manager of the Forsyth County War Price and Rationing Board.

Melvin F. Lanphar, Detroit, is commander district No. 1, Michigan division, U. S. Citizens Defense Corps, which includes all protective services for Wayne, Oakland and Macomb counties, a district producing 30 per cent of "all the war effort of the nation." Leslie N. Jull of Mr. Lanphar's company is assistant area warden, area No. 6, air raid warden division of the OCD.

Mr. Lanphar was chosen by Mayor Jeffries, Jr., of Detroit for one of the 12 Area Wardens to organize the air raid warden division for Detroit's civilian defense. His area embraces 26 square miles with a population of 125,000 and in 120 days he recruited and trained 4,200 air raid wardens. As a result, Governor Van Waggoner asked Mr. Lanphar to become the Commander of District Number 1 of the Michigan Division of the United States Citizens' Defense Corps. This involves the co-ordination of all protective services, air raid warden, fire, police, medical, public utility and public works in the three counties surrounding Detroit, involving the creation of adequate warning and communication systems, training programs and control and direction in the event of a raid of all the services involved.

Mason-McDuffie Co., Berkeley, Calif., has lost three men to the wartime shipbuilding industry—one for publicity, one for housing and one for a skilled labor assignment.

Spratlin, Harrington and Thomas, Atlanta, have lost men to naval aviation, army aviation and the submarine corps.

Clarence Derksen, Henry A. Schutten and Anthony J. Ewens of Zingen & Braun, Inc., Milwaukee are air raid wardens in their city.

And in F. L. Flynn's organization in Harlingen, Texas, C. G. Salisbury is an air raid warden and C. W. Parce has applied for a Navy Commission.

A. A. Alexander of Burwell & Morford, Seattle, has joined the U. S. Army Engineers and Arthur Pennock of the same firm is associated with Boeing Aircraft Company.

H. B. Traver and Fred Walter of the West Coast Bond & Mortgage Co., Pasadena, are air raid wardens. R. W. Caspers of the same firm is a fire watcher and a member of the sheriff's mounted posse. George T. Judd of this firm is a district air raid warden.

Herold Woodruff's organization in Detroit has lost two men from his staff to the armed forces and one WOMAN. The latter is at Selfridge Field. One of the men is a lieutenant colonel in the anti-aircraft forces and the other is in the Infantry.